

2021 Filing Season - Individual Income Tax Processing Commissioners of the Revenue

It's very important that you [click here](#) and review **ALL TARP Processes, Tasks, User Guides and Job Aids**.

If you have any questions or uncertainties regarding the procedures, please contact us before you take any actions that might result in errors. We've provided a contact list on page 4.

WHAT'S NEW FOR 2021?

Virginia Form Changes (760)

Amended box

Accelerated Refunds

- Effective 01/01/2020, the accelerated refund eligibility cap has increased from \$500 to \$1,000.
- FYI, as part of Virginia Tax's refund fraud verification program, an accelerated refund **return**, may be randomly screened during processing. This may require a taxpayer to submit additional documentation directly to Virginia Tax even after the refund has been issued.

Virginia "Schedule A" return screening changes

- Effective 01/01/2021, "Schedule A" is **still** required for taxpayers claiming the itemized deductions (Line 10 on Forms 760 and 763, Line 11 on Form 760PY), and personnel should be screening for the absence of Schedule A.
- If the form is missing, the return should be coded **SA**.
- Once the return is processed by Virginia Tax, the automated system will identify the missing document and generate a letter to the taxpayer.

Virginia form 502FED for amended returns screening

- Effective 01/01/2021, Amended returns with a reason code 2, require the NEW Schedule Form 502FED to be included with the 2020 tax return.

Virginia Form 770 "split year" filing requirement

- Effective 01/01/2021, the "pro forma" Form 770 filing situation does not apply for Tax Year 2020 returns

"Quick Reference" job aids:

- These job aids for Forms 760, 760PY, 763, and 770 were updated for Tax Year 2020 to be used as a screening reference. They should be used in conjunction with the associated detailed TARP procedures. They should not be used as a substitute training documents.
- The documents are located in the Job Aids section of TARP via this link: ["Quick Reference"](#)

CRITICAL PROCEDURES

Accepting and Processing Returns

- Verify the Locality Code on returns before processing.
 - If the taxpayer doesn't reside in your locality/locality code is not yours, **DO NOT PROCESS** the return. Forward the return *with any associated payments* to Virginia Tax as Direct.
- Try and minimize the number of staples used. Excessive staples cause tears when removed.
- Write the postmark date on **every late** return filed (postmarked) after May 1, 2021.

Locality Indicators

- **ALWAYS USE RED INK!!**
- Assure the correct oval bubble/line is selected at the bottom of page 1 of the tax form.
 - **LTD** indicates that the locality will deposit any payment or take responsibility for billing.
 - \$_____ line indicates the amount collected/deposited with the return. If no payment was received with the return but the locality will take responsibility for collecting, use a "\$0" amount on this line.
 - **LAR** indicates that an accelerated refund was keyed and **accepted**. (Form 760 only)
 - **DLAR** indicates that an accelerated refund was keyed but **denied**. (Form 760 only)
 - **DTD** this is not for locality use, leave blank.

Accelerated Refunds

- Assure the correct color Group Control Document is used for returns keyed as an accelerated refund. An additional Lap Sort document is not required when using the green or pink Group Control Document.
 - **Green** for accepted
 - **Pink** for denied
- All procedures for accessing and utilizing the Accelerated Refund program are outlined in TARP, as well as Chapter 13 in the [Locality IRMS User Guide](#).

Tax Due Returns

- Review **tax due** returns for the tax amount owed and amount collected.
 - If the locality **collected more** than the tax due amount originally calculated by the customer, write "**WW**" on the return Page 1, in the **lower left corner**.

NOTE: The "**WW**" is a visual reference for Virginia Tax representatives. It is NOT captured as a screening code and is NOT written with the other screening codes in the lower right corner of the return.
 - Line through the "Amount You Owe" and write the **tax due amount collected** beside the "Amount You Owe" entry.
 - ❖ **Form 760** – "Amount You Owe" is shown on Line 35
 - ❖ **760 CG** – "Amount You Owe" is shown on "Line" 34

- ❖ **760PY** – “Amount You Owe” is shown on Line 35
- ❖ **763** - “Amount You Owe” is shown on Line 35
- ❖ **770** – “Amount You Owe” is shown on Line 6

NOTE: When the return is processed, this amount will be keyed and any additional monies that are overpaid will be refunded to the taxpayer.

Understanding LAP-Sort Forms

- **LAP-SORT 1** Forms should be used only for returns that have been screened by the locality and will be processed as **LOCAL** filed.
 - This includes refund returns and tax due returns where payment has been collected and/or if the locality will bill.
 - Documents in a LAP-Sort 1 group should be of the same form type, timely (or late), and refund (or tax due). Document “types” should not be commingled.
 - A LAP-Sort 1 form is not required when using a pink or green accelerated refund Group Control Document.
- **LAP-SORT 2** should be used for documents that will not or cannot be processed by the locality, including any payments. These documents will be processed as **DIRECT** filed by Virginia Tax.

CRITICAL REMINDERS

- Send all tax returns to Richmond weekly – do not hold any returns for any reason.
- **DO NOT** use the uncollectible process as a method to remove local tax due balances that have been paid directly to Virginia Tax. The correct procedure is to process an Exoneration request to remove your locality’s tax due liability.
- Make sure the tax due amount is filled in on **Line 35** of the 760 Handprint/Fillable form. **If left blank, our systems will bill for the whole tax due amount regardless of whether the taxpayer has paid you or not.**
- Use **Form 759 for every tax due return** that is locally processed where the tax due amount is **\$4.50 or more** and for penalties and interest calculations.
- As a reminder, per Section [58.1-307](#), Commissioners receiving state income tax payments shall deliver income tax payments within 2 banking days to the treasurer’s office.

Penalties and Interest

- Use the TARP procedure **“Calculate Penalty and Interest for Individual Income Tax Returns”** in correlation with completing Form 759 for late filing penalties and interest.
- Please do not write in any additional penalties and interest on the computer generated **Form 760CG**, use the Form 759 for this information.

Payment Received without a Paper Return:

- We recommend that before you accept a payment from a taxpayer without the return, do not assume it was a paper filed return, but instead please check IRMS to see if the taxpayer did in fact e-file his/her return.
 - If the return has been e-filed, the payment needs to be sent to Virginia Tax with a form PMT voucher as **DIRECT** file to keep the taxpayer from being billed.

Payment Received with a Paper Return:

- Remember that the **XXXXX** indicator denotes that the return was prepared for e-file submission. These are potentially found on the 760, 760PY, 763, and 770.
 - Commissioners of the Revenue should not process these returns bearing the indicator. Forward the return and associated payment to Virginia Tax with a [LAP-Sort 2](#) form to be handled as **DIRECT**.

CONTACTS

NOTE: Please use email unless it's an emergency. These contacts are for processing only and should not be shared with the public. Localities should contact customer service at 804-367-9286 for customer related issues.

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